million worth of paper, so that the charge on the treasury would then become $210 million at the end of the month.

Mr. Speaker: If I might interrupt, I should like to ask the hon. gentleman a question. I think he has overlooked one factor, and if so I should like to be clear about it because it may save time. The instruments that may be purchased are instruments guaranteed by the corporation. If that is so, then the amount of the guarantee of any instrument, that is a debt of any importer which has been guaranteed, is already charged against the $200 million. If the corporation then buys that instrument it is not adding anything to the liabilities of the corporation, but is presumably replacing its liability for the guarantee of the debt. However, there is no change in the obligation of the corporation, and the corporation cannot go beyond the $200 million limit.

Mr. McIlraith: They can sell the instrument and take a loss; it is a trading operation. They are really going into commercial discount banking operations. The only thing that is limited is the amount they can guarantee, but in any trading operation they can be taking very severe losses, regularly. This is the significant point that concerns us, the gross charge on the treasury can far exceed the $200 million on guaranteed instruments and that $200 million is the limit in the act.

Mr. Speaker: Perhaps I could hear the minister on this point.

Mr. Churchill: I answered the first question earlier, and I did deal with the second one. My hon. friends cannot have it both ways. The hon. member for Kenora-Rainy River (Mr. Benidickson) was arguing just a few minutes ago that if we were going to do more business we would have to increase the financial resources of the corporation.

Mr. Benidickson: But I expect that you would use a resolution to do so.

Mr. Churchill: The wording of section 21B of the act definitely limits the liability under contracts and guarantees. I have already read the section which says:

> The aggregate of
> (a) the liability of the corporation under contracts of insurance entered into under section 21 and outstanding, and
> (b) the liability of the importers under all outstanding guaranteed instruments,
> shall not at any time exceed two hundred million dollars—

Now, all of this was considered, Mr. Speaker, before the bill was introduced and it is because no authority is granted the corporation to exceed that ceiling that we decided no resolution was required.

Mr. Speaker: I am inclined to think that the minister's advice was sound. It is always difficult to know with these bills which authorize complicated transactions, whether or not new money is involved. I think that the argument is really concluded by section 21B which defines how the $200 million already authorized by parliament can be applied in the future. It can be applied to existing purposes of the corporation, that is the liability of the corporation under contracts of insurance entered into under section 21 and —not or—the liability of importers under all outstanding guaranteed instruments. In effect, therefore, this bill divides the $200 million already authorized between the old purpose and the new purpose and to that extent it cuts down the amount available for insurance and makes some part of the $200 million available to guarantee the liability of importers.

Now, let us look at the guarantee provisions. The corporation may purchase guaranteed instruments under subsection 2 of section 21A, and if you look at what a guaranteed instrument is you will find it means an instrument the payment of which is guaranteed by the corporation under this section. What the corporation, in effect, is doing is purchasing its own guarantee, and to that extent it does not increase the liability of the corporation which is already limited to $200 million because the instrument which it has guaranteed is an instrument of liability of some importer. It is that liability of the importers which is included in the $200 million which is involved in this purchase.

Mr. McIlraith: Thank you, Mr. Speaker. My purpose in referring to the matter lies in the importance of the bill and not in any desire to delay the passage of the bill in any way. It was rather a point that I thought should be raised because of its importance and this was the sole purpose I had in mind.

There is another rather interesting point at which the house should look when any such bill is presented in the future, and that is the fact that there is no limitation on the price at which these negotiable instruments can be purchased. It may be two cents on the dollar.

Mr. Speaker: Perhaps the minister would like to speak now?

Hon. Gordon Churchill (Minister of Trade and Commerce): I fully appreciate the points raised by my hon. friends opposite. I am well aware of the fact that they favour the Export Credits Insurance Corporation because they had something to do with its origin. They